

HOUSE BILL No. 1030

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 12-20-25-45.

Synopsis: Homestead credit. Provides a 100% homestead credit for taxpayers who: (1) are at least 65 years old; and (2) have paid property taxes for at least 35 consecutive years. Makes conforming amendments.

Effective: July 1, 2003.

Smith V, Brown C

January 7, 2003, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1030

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20.9-2, AS AMENDED BY
2 P.L.192-2002(ss), SECTION 38, IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) Except as
4 otherwise provided in section 5 of this chapter, an individual who on
5 March 1 of a particular year either owns or is buying a homestead
6 under a contract that provides the individual is to pay the property taxes
7 on the homestead is entitled each calendar year to a credit against the
8 property taxes which the individual pays on the individual's homestead.
9 However, only one (1) individual may receive a credit under this
10 chapter for a particular homestead in a particular year.

11 (b) The amount of the credit to which the individual is entitled
12 equals the product of:

13 (1) the percentage prescribed in subsection (d) **or (e)**; multiplied
14 by

15 (2) the amount of the individual's property tax liability, as that
16 term is defined in IC 6-1.1-21-5, which is:

17 (A) attributable to the homestead during the particular

2003

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calendar year; and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(C) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) **This subsection applies to an individual who is not described in subsection (e).** The percentage of the credit referred to in subsection (b)(1) is as follows:

| YEAR | PERCENTAGE OF THE CREDIT |
|---------------------|-----------------------------|
| 1996 | 8% |
| 1997 | 6% |
| 1998 through 2002 | 10% |
| 2003 and thereafter | 20% |

However, the property tax replacement fund board established under IC 6-1.1-21-10, in its sole discretion, may increase the percentage of the credit provided in the schedule for any year, if the board feels that the property tax replacement fund contains enough money for the resulting increased distribution. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board in its discretion increases the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) **This subsection applies to property taxes that are due and payable after December 31, 2003. The percentage of the credit referred to in subsection (b)(1) for an individual who:**

- (1) is at least sixty-five (65) years of age before January 1 of the year in which the credit under this section is allowed; and
- (2) has paid taxes on real property under this article for at least thirty-five (35) consecutive years before the year in which the credit under this section is allowed;



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1 **is one hundred percent (100%).**

2 ~~(e)~~ **(f)** Before October 1 of each year, the assessor shall furnish to
3 the county auditor the amount of the assessed valuation of each
4 homestead for which a homestead credit has been properly filed under
5 this chapter.

6 ~~(f)~~ **(g)** The county auditor shall apply the credit equally to each
7 installment of taxes that the individual pays for the property.

8 ~~(g)~~ **(h)** Notwithstanding the provisions of this chapter, a taxpayer
9 other than an individual is entitled to the credit provided by this chapter
10 if:

11 (1) an individual uses the residence as the individual's principal
12 place of residence;

13 (2) the residence is located in Indiana;

14 (3) the individual has a beneficial interest in the taxpayer;

15 (4) the taxpayer either owns the residence or is buying it under a
16 contract, recorded in the county recorder's office, that provides
17 that the individual is to pay the property taxes on the residence;
18 and

19 (5) the residence consists of a single-family dwelling and the real
20 estate, not exceeding one (1) acre, that immediately surrounds
21 that dwelling.

22 SECTION 2. IC 6-1.1-20.9-6, AS AMENDED BY P.L.90-2002,
23 SECTION 199, IS AMENDED TO READ AS FOLLOWS
24 [EFFECTIVE JULY 1, 2003]: Sec. 6. Before April 1 of each year prior
25 to the year in which the credit is allowed, the auditor of each county
26 shall certify to the department of local government finance the amount
27 of the assessed valuation which qualifies for the homestead credit,
28 **including a breakdown of the amount of the assessed valuation that**
29 **qualifies for the percentage under section 2(d) and the percentage**
30 **under section 2(e) of this chapter.** Before February 1 of each year, the
31 auditor of each county shall certify to the department of local
32 government finance the amount of homestead credits allowed in that
33 county for that calendar year.

34 SECTION 3. IC 6-1.1-21-7 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. (a) Notwithstanding
36 IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter
37 or who has properly filed for and is entitled to a credit under
38 IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes
39 to which the credit applies, is entitled to a refund, without interest, of
40 an amount equal to the amount of the credit. However, if the taxpayer,
41 at the time a refund is claimed, owes any other taxes, interest, or
42 penalties payable to the county treasurer to whom the taxes subject to

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the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) or **IC 6-1.1-20.9-2(e)** for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied.

SECTION 4. IC 6-1.1-21-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) On or before October 15 of each year, each county auditor shall, make a settlement with the department as to the aggregate amount of property tax replacement credits extended to taxpayers in the auditor's county during the first eight (8) months of that same year. On or before December 31 of each year, each county auditor shall make a settlement with the department along with the filing of the county auditor's December settlement as to the aggregate amount of property tax replacement credits extended to taxpayers in the auditor's county during the last four (4) months of that same year. If the aggregate credits allowed during either period exceed the property tax replacement funds allocated and distributed to the county treasurer for that same period, as provided in sections 4 and 5 of this chapter, then the department shall certify the amount of the excess to the auditor of state who shall issue a warrant, payable from the property tax replacement fund, to the treasurer of the state ordering the payment of the excess to the county treasurer. If the distribution exceeds the aggregate credits, the county treasurer shall repay to the treasurer of the state the amount of the excess, which shall be redeposited in the property tax replacement fund.

(b) In making the settlement required by subsection (a), the county

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auditor shall recognize the fact that any loss of revenue resulting from the provision of homestead credits in excess of the percentage credit allowed in IC 6-1.1-20.9-2(d) **or under IC 6-1.1-20.9-2(e)** must be paid from county option income revenues.

(c) Except as otherwise provided in this chapter, the state board of accounts with the cooperation of the department shall prescribe the accounting forms, records, and procedures required to carry out the provisions of this chapter.

SECTION 5. IC 12-20-25-45 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 45. (a) Notwithstanding IC 6-3.5-6, after the termination of the controlled status of all townships located in a county as provided in section 41 of this chapter and if the county option income tax is imposed under this chapter, the county fiscal body may adopt an ordinance to:

(1) increase the percentage credit allowed for homesteads in the county under ~~IC 6-1.1-20.9-2~~; **IC 6-1.1-20.9-2(d)**; or

(2) reduce the county option income tax rate for resident county taxpayers to a rate not less than the greater of:

(A) the minimum rate necessary to satisfy the requirements of section 43 of this chapter; or

(B) the minimum rate necessary to satisfy the requirements of sections 43 and 46(2) of this chapter if an ordinance is adopted under subdivision (1).

(b) A county fiscal body may not increase the percentage credit allowed for homesteads in such a manner that more than eight percent (8%) is added to the percentage established under IC 6-1.1-20.9-2(d).

(c) The increase in the homestead credit percentage must be uniform for all homesteads in a county.

(d) In an ordinance that increases the homestead credit percentage, the county fiscal body may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year.

(f) An ordinance adopted under this section takes effect January 1 of the next calendar year.

(g) An ordinance adopted under this section for a county is not applicable for a year if on January 1 of that year the county option income tax is not in effect.

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